

their place supplied with specie; the banks would then have \$25,000,000, of specie in their vaults to sustain a circulation of \$125,000,000 of their notes. Again, suppose that one-third of their circulation be in notes of the smaller denominations, it would require the whole amount of specie in the banks to redeem them and supply their place—leaving the banks entirely without specie, or constraining them to take out of circulation part of their larger notes also, by curtailing their accommodations to the community. And, finally, suppose *one-half* of their circulation—\$75,000,000—be in notes of ten dollars and under, (and it is believed that such is, ordinarily, the case,) they could not take them out of circulation with the specie in their possession; and to enable them to do so, they would have to curtail their accommodations to the community twenty-five millions of dollars, at the least, and as much more as would enable them to retain a specie basis for their other issues. How then can it be urged, that withdrawing the smaller notes from circulation and supplying their place with specie from the banks, would improve the general currency, strengthen the banks, or tend to sustain their credit; and, above all, how can it be pretended, that to *lessen* the proportion of specie in their vaults to the amount of their notes in circulation, would “widen their specie basis?”

It seems to us a matter of surprise that an error so manifest as the position we think we have conclusively demonstrated to be unfounded, and the very reverse of truth, should so long have prevailed, and been so generally either entertained or silently acquiesced in.

When, in addition to the foregoing demonstration, we take into consideration the *fact* which all, and particularly late experience, and the observation of every one has proved, that in times of pressure upon and distrust of the banks, nearly all that portion of specie in the hands of the community, ceases to circulate *as currency*, and thereby diminishes, to its extent, the circulating medium, *in time of greatest need*, it seems to us impossible to resist the conclusion, that the less amount of the specie in the country, in general circulation, beyond supplying necessary change, and the more of it in the banks, the greater would be the strength and ability of the banks to meet and overcome pressure upon them; and that the general interest and welfare would be best promoted by such a condition of the currency, and disposition of the specie which the country, in the natural course of trade, may at any time possess. While, therefore, we would rigidly restrict the banks, as to the *amount* of their issues and responsibilities of all kinds in proportion to their capital, specie and other means, and enforce the restriction under severe penalties, we would leave them free as to the *denomination* of their issues.

We think that when the banks are paying specie for all demands upon them, the community may safely be left to use or refuse a small note circulation, which necessity compels them, *even in violation*